

July 23, 2012

**Natural Gas Trends****Highlights****FERC ADOPTS STANDARDS TO IMPROVE COORDINATION BETWEEN INTERSTATE GAS PIPELINES AND ELECTRIC UTILITIES**

*According to FERC, these standards ensure that interstate natural gas pipelines will have information to assist them in maintaining operational integrity and reliability of pipeline services, and gas-fired electric power plant operators will have information about whether hourly flow deviations can be honored.*

On July 19, 2012, the Federal Energy Regulatory Commission (FERC) amended Section 284.12 of its rules to incorporate, by reference, Version 2.0 of certain business practices adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board, applicable to natural gas pipelines.

Among other things, the new rules are intended to improve coordination between natural gas pipelines and electric utilities.

The FERC's amendments to Rule 284.12 will take effect on December 1, 2012.

A copy of the FERC's order approving these rule amendments, Order No. 587-V in Docket No. RM96-1-037, is available at [www.ferc.gov](http://www.ferc.gov).

**Data**

- August Natural Gas Futures Contract (as of Jul 20), NYMEX at Henry Hub closed at \$3.081 per million British thermal units (MMBtu)
- August Light, Sweet Crude Oil Futures Contract (as of Jul 20), NYMEX at Cushing closed at \$91.44 per U.S. oil barrel (Bbl.) or approximately \$14.56 per MMBtu

**Last week: Texas, U.S. CDD higher than normal**

For the week beginning 7/15/12 and ending 7/21/12, cooling degree days (CDD) were higher than normal for Texas and the U.S. For the cooling season (1/1/12 to 12/31/12), cumulative cooling degree days were 23% above normal for Texas and 30% above normal for the U.S.

Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 7/21/2012	*Week CDD + / - from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	129	+34	1077	61%
Austin	127	-12	1665	14%
DFW	160	+20	1731	39%
El Paso	133	+7	1584	30%
Houston	131	0	1887	31%
SAT	133	-7	1879	24%
Texas**	133	+4	1631	23%
U.S.**	91	+17	767	30%

\* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which CDD are calculated.  
 \*\* State and U.S. degree days are population-weighted by NOAA.

**Last week: U.S. natural gas storage at 3,163 Bcf**

For the week ending 7/13/12, U.S. working gas in storage rose from 3,135 to 3,163 Bcf, compared to 2,654 Bcf in storage a year ago and compared to an average of 2,693 Bcf in storage during the 5-year period from 2007 to 2011. Working gas in storage in the producing region (which includes Texas) increased from 1,119 to 1,120 Bcf.

Source: [www.eia.doe.gov](http://www.eia.doe.gov)

U.S. WORKING GAS IN STORAGE				
Region	Week ending 7/13/12	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,555	1,532	23	+ 14.6%
West	488	484	4	+ 21.4%
Producing	1,120	1,119	1	+ 19.9%
Lower 48 Total	3,163	3,135	28	+ 17.5%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

### Last week: U.S. gas rig count down 4

The gas rig count for the U.S. was down 4 when compared to the prior week and down 371 when compared to 12 months ago. The total rig count for the U.S. was down 18 for the week and up 19 when compared to 12 months ago. The total rig count includes both oil and natural gas rotary rigs.

Source: Baker Hughes

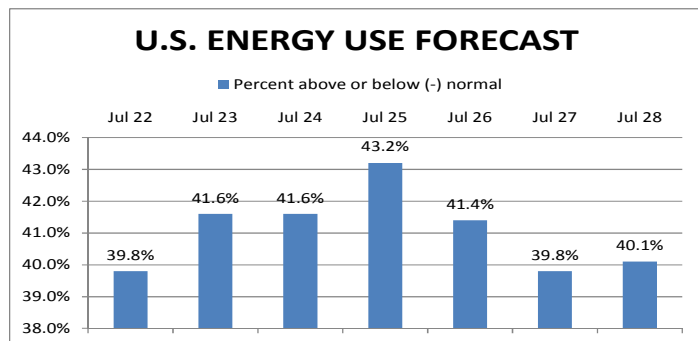
BAKER HUGHES ROTARY RIG COUNT				
	As of 7/20/12	+/- prior week	Year ago	+/- year ago
Texas	900	-10	864	+36
U.S. gas	518	-4	889	-371
U.S. oil	1414	-13	1021	+393
U.S. total	1935	-18	1916	+19
Canada	328	+32	376	-48

Numbers are excerpted and not meant to be totaled

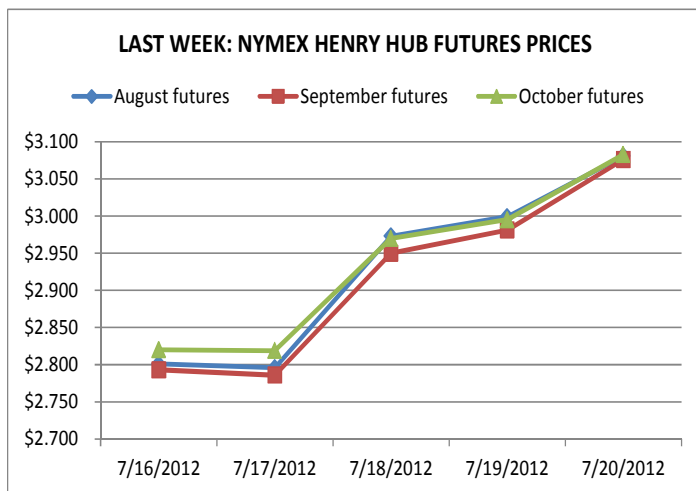
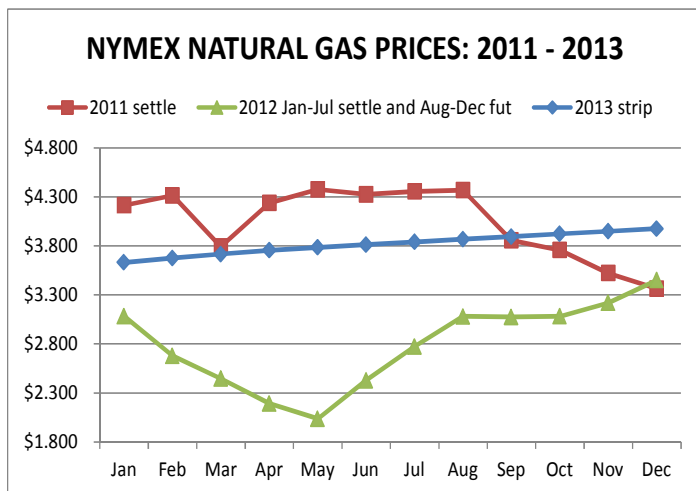
### This week: U.S. energy use higher than normal

U.S. energy use is forecasted to be higher than normal, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



**Strip prices.** Natural gas strip prices for 2013, shown below in blue, are the average of daily settlement prices for the next twelve months of natural gas futures contracts.



### NATURAL GAS PRICE SUMMARY AS OF 7/20/2012

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US August futures				
NYMEX	\$3.081	\$0.280	-\$1.289	\$3.402

*Lynne LeMon,  
a natural gas analyst  
in the Market Oversight Section  
of the Gas Services Division,  
is editor of  
Natural Gas Trends.*

*Comments on this publication  
may be directed to Ms. LeMon  
at 512-475-1958 or  
lynne.lemon@rrc.state.tx.us*